

# ***An overview of The Defense Logistics***

## **Agency**



**DoD's ONLY Logistics  
Combat Support  
Agency . . . Supporting  
the Military Services &  
Combatant  
Commanders for Over  
40 Years**



# The DLA Enterprise

**FY02 Sales/Services:**  
**\$21.5B**  
**FY03 Sales/Services:**  
**\$25B**  
**FY04 Sales/Services:**  
**\$28B**  
**FY05 Sales/Services:**  
**\$31.8B**  
**FY06 Sales/Services:**  
**\$35.5B**  
**FY07 Projected: \$34.6B**

**\$1.5B**

- **Other:**  
**\$1.1B**
- **~95% of Services' repair parts**

## Foreign Military Sales

- **Sales: \$1.02B**
- **Shipments: 520K**
- **Supporting 126 Nations**

## Scope of Business

- **54,000 Requisitions/Day**
- **8,200 Contracts/Day**
- **#58 Fortune 500 - Above Sprint Nextel**
- **#3 in Top 50 Distribution Warehouses**
- **26 Distribution Depots**
- **5.2 Million Items - eight supply chains**
- **25M Annual Receipts and Issues**
- **1411 Weapon Systems Supported**
- **134M Barrels Fuel Sold**
- **\$14.6B Annual Reutilizations/Disposals**

## People

- **20,805 Civilians**
- **519 Active Duty Military**
- **754 Reserve Military**
- **Located in 48 States/28 Countries**



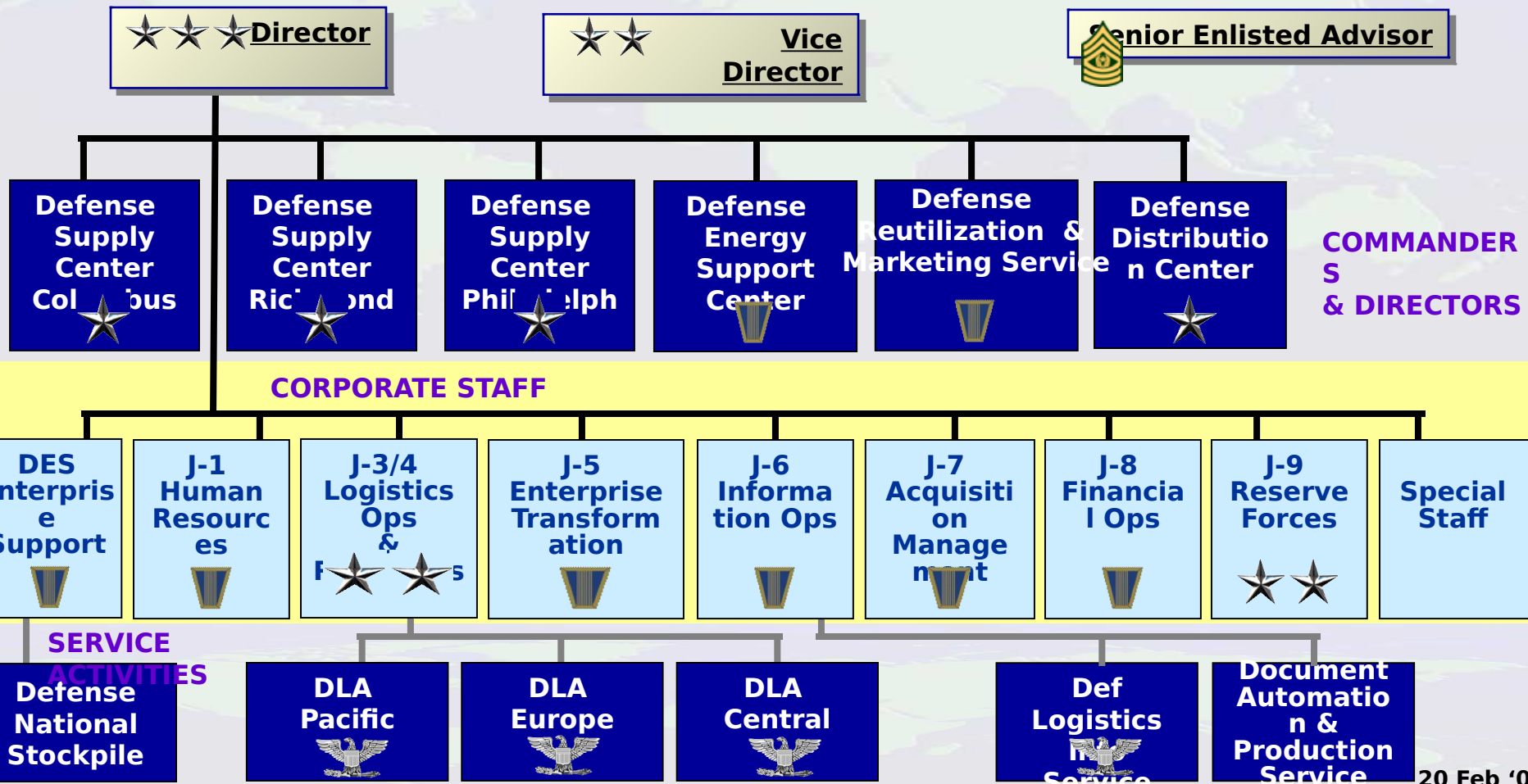
# Agency Priorities

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- **Warfighter Support**
- **Stewardship to the Nation**
- **Growth and Development of our  
People**
- **Leadership**



# Defense Logistics Agency





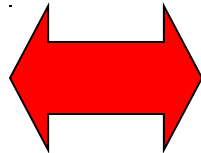
# Business Units

# Defense Supply Center

# Columbus

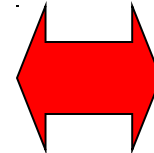
## Land/Maritime Supply Chains

**Custome  
rs**  
**Major  
Commands**  
**Maintenan  
ce  
Activities**  
**Internation  
al  
Customers**



**LAND**  
- Wheeled  
Vehicles  
- Tracked  
Vehicles  
- Diesel Engines  
- Transmissions  
- Vehicle  
Chassis  
- Batteries  
- Nuts and Bolts

**MARITIME**  
- Turbines  
- Brackets  
- Valves & Pumps  
- Engine Fuel  
Systems  
- Compressors  
- Fiber Optics  
- Gyro  
Components  
- Bearings  
- Gaskets, O-rings,  
Seals



**Supplier  
s**  
**OEM**  
**Competiti  
ve  
Sources**

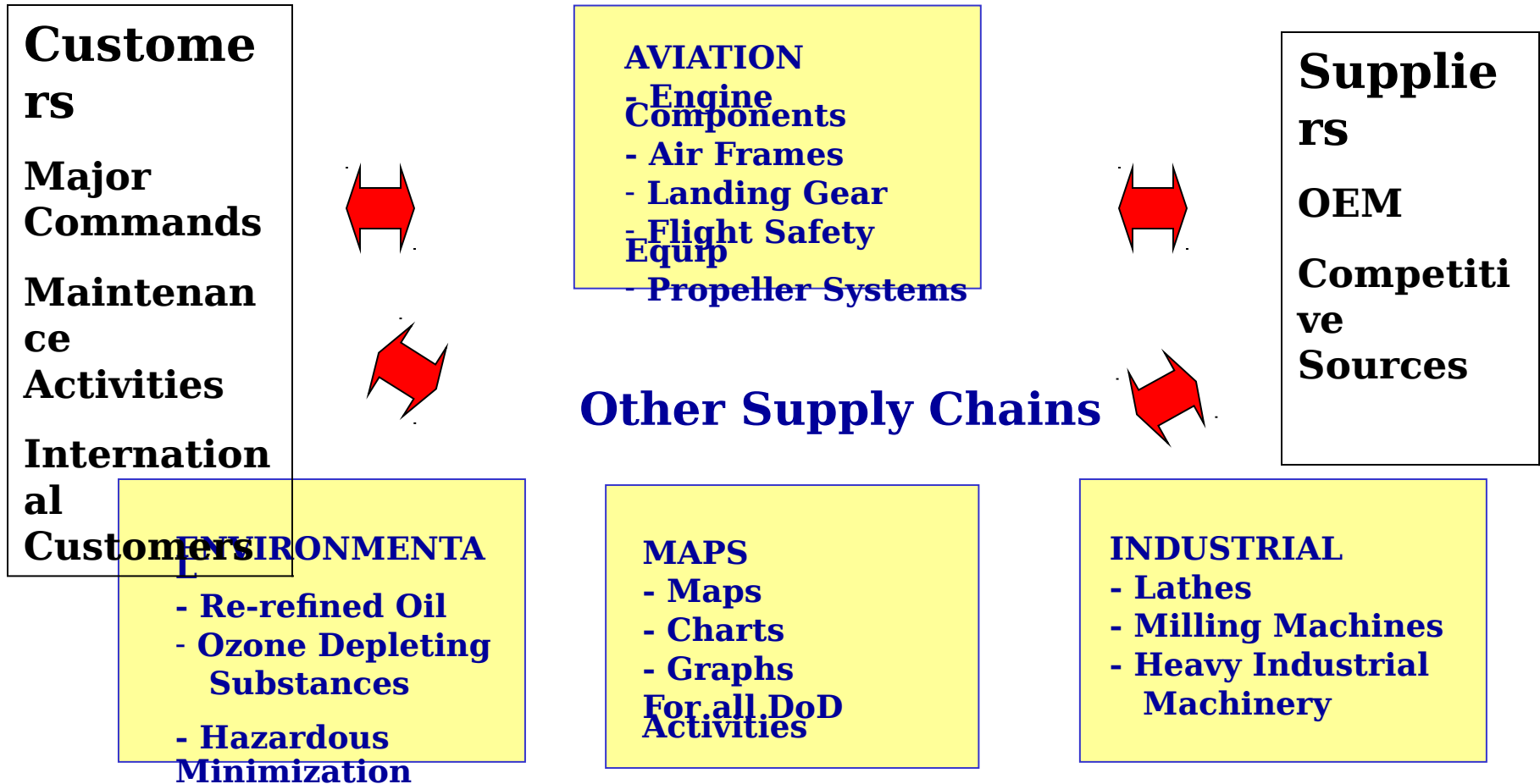


# Business Units

# Defense Supply Center

# Richmond

## Aviation Supply Chain





# Business Units

# Defense Supply Center

# Philadelphia

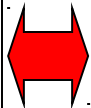
## Troop Support Lead Center

**Customers**

**Major Commands**

**Maintenance Activities**

**International Customers**



**CLOTHING & TEXTILES**

- Combat uniforms/tents
- Body armor/field equipment
- Individual chem/bio protective suit

**MEDICAL**

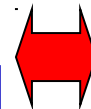
- Diagnostic Imaging Equip
- MRI Equipment
- Surgical & Dental Supplies
- Pharmaceuticals
- Optical Products
- Laboratory Items

**SUBSISTENCE**

- Operational Rations (incl. Meal, Ready-to-Eat and Unitized Group Rations)
- Food Service & Field

**CONSTRUCTION & EQUIPMENT**

- Facilities Maintenance
- Equipment (HEPP, Diving, Safety & Rescue, MHE)
- Fire & Emergency Services
- Wood Products
- Metals
- Barrier Material



**Suppliers**

**OEM**

**Competitive Sources**



# Business Units

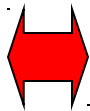
# Defense Energy Support Center

## Energy Lead Center

**Customers**

**Major Commands**

**Base, Camps, Stations**

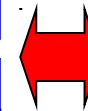


### **BULK FUELS**

- Jet Fuel
- Ship Propulsion
- Diesel, Gasoline
- Missile Fuel

### **INSTALLATIONS**

- Natural Gas
- Coal
- Electricity
- Utility Privatization



**Suppliers**

**Major Oil Companies**

**Sub-Contracts**

### **FACILITIES**

- Bulk Fuel Storage
- Environmental
- Optimization
- Maintenance, Repair
- International Agreements

### **DIRECT DELIVERY**

- Vehicle Fuel
- Heating Oil
- Commercial Airport Fuel





# Defense Distribution Center

## Distribution Lead Center

**Customers**  
**Military Services**  
**Inventory Control Points**

**WAREHOUSING**  
- 55M Sq Ft Covered  
- 23M Sq Ft Open  
- **Unique Storage Capabilities**  
Hazardous  
Freeze and Chill  
Ozone Depletion  
- **Stock Positioning Mgt Programs**  
Forward Stock  
Targeted Mission Support

**TAILORED LOGISTICS SUPPORT**  
- **Total Package Fielding**  
- **Kitting**  
- **Deployable Medical Systems**  
- **Rigging**  
- **Combat Configured Loads**  
- **In-Transit Visibility**  
- **Time Definite Delivery**  
- **Theater Consolidation and Shipping Points**

**DISTRIBUTION**  
- 26 Depots (7 OCONUS)  
- 3.7M NSNs  
- \$94.1B Inventory  
- 9 Map Support Offices  
- **Container Consolidation**  
- 22.7 M Receipts/Issues (FY06)  
- **Deployable Distribution Center**

**TRANSPORTATION MANAGEMENT**  
- 8M Shipments Annually  
- 1.4B Pounds Shipped Annually  
- 82 CONUS Dedicated Truck Lanes  
- 34 OCONUS Dedicated Truck Lanes  
- 1,063 Vendors with DSS-VM  
- 600K DPMS Vendor

**Service Providers**  
SDDC  
AMC  
MSC  
A-76  
Commercial Providers  
Commercial Transportation Providers



# Business Units

## Defense Reutilization and Marketing Service

### Reuse, Recycling and Disposal Lead Center

<b><u>Organizational Structure</u></b>  101 Offices Worldwide (19 Countries/37 States) 1483 Authorized Personnel (Includes Local Nationals) 11 Military 200 Reserve DRT Members 57 EE Positions Qualified \$296.7M Operating Costs	<b><u>At-A-Glance (FY06)</u></b>  49,392 Turn-In Customers Served  \$ 24.7B Usable Turned-In (Acq Val)  \$ 2.3B R/T/D (Acq Val)  \$318.4M Total Revenue
<b><u>Services</u></b>  Reutilization Transfer Donation Demilitarization Environmental Disposal/Reuse Humanitarian Assistance Foreign Military Sales/Grant-in-Aid Disaster Relief Exchange/Sale Precious Metal Recovery	<b><u>Contingency Operations</u></b>  Operation Enduring Freedom  Dec 01 - Present 7 Mil/Civ Deployed Operation Iraqi Freedom Sept 02 - Present 47 Mil/Civ Deployed

**Customers**

**Military Services**

**DLA Inventory Control Points**

**Federal / Public Agencies**

**Service Providers**

**Commercial Providers**

**Government Liquidity**

**R2010/ISP**



# Service Activities

## Defense National Stockpile Center

20 Sites  
144 Personnel  
\$5.9 B Sales Since FY 93  
\$1.5 B Inventory

Manages 42 Internationally  
Traded Commodities

## Defense Automatic Addressing Systems Center (DAASC)

2 Locations  
180 Gov't & Contract Personnel  
\$33M Budget

Services:  
Editing/Routing of DoD Logistics Transactions  
Enforcement of DoD Business Rules  
Network Interoperability

## Document Automation & Production Service

175 Locations in 8 Countries  
1000 Gov't & Contract Personnel  
\$413M Annual Sales (FY06 Plan)

Services:

Document Production  
Document Imaging/Conversion and Electronic Document Management  
~~Equipment Management Solutions~~

## Defense Logistics Information Service

One Site  
1,389 Gov't (80%) & Contractor (20%) Personnel  
\$164 M Budget

Services:

DOD/Federal/NATO/International Cataloging  
J6B IT Support (Technology, WEB, Software) for DLIS/DRMS

Key Initiatives/Programs: FLIS, MEDALS, FEDLOG, DOD EMAIL, DLA Map Catalog, AV, LINK DESX CCR/BPNse HMIRS ERIS FRB



# Service Activities

## Defense Logistics Agency -

### Europe

12 Offices

38 Personnel

- Liaison/planner at EUCOM
- Planners at USAFE, USAREUR and NAVEUR
- Customer reps at 10 sites - Germany, UK, Italy
- Area rep for the Balkans in Kosovo
- On-site, deployable logistics experts

assist

## Defense Logistics Agency and Central Liaison Officers at PACOM, USFJ and

service/procuring sites (CONUS, Kuwait, Bahrain, USFK, Qatar) staffed by 10 personnel

- Provide EUCOM components and 3 Contingency support teams (Afghanistan, Iraq, Kuwait) staffed by 60-90

personnel (mission dependent)

- single POC for DLA support

• Single focal point for all DLA activities/contractors in Southwest Asia (e.g., Kuwait distribution depot, Kuwait DRMO yard, Bahrain fuels office, Subsistence Prime Vendors, MRO Prime Vendors)

- Liaison/planner at CENTCOM
- Customer Support Representatives with ARCENT-K/Q, CENTAF (FWD) and

NAVCENT-B

## Defense Logistics Agency -

### Pacific

9 Sites located in two states and 2 countries

Hawaii, Alaska, Japan, Okinawa, Korea

28 Personnel

AOR Covers 52% of Earth's Surface  
Provide Contingency & Deliberate Planning and on-site Customer Support



# Warfighter Engagement

**106 DLA personnel permanently assigned to 71 Major Military Service Locations Globally**

- DLA In-theater Commands provide Logistics Support to Combatant Commanders...
  - DLA-Central; DLA-Pacific; DLA-Europe
- DLA Liaison Officers and Customer Support Representatives embedded in Service and Combatant Commands Worldwide
- DLA Contingency Support Teams
  - Deploy as Requested by Combatant Commanders
  - Kuwait, Iraq, and Afghanistan, over 150 personnel deployed to OIF/OEF
  - Provide On Site DLA Logistics, Asset Visibility Support, Fuels Management, and Disposal Services.
  - Support the Combatant Commands' In-theater Distribution Centers



# Moving Towards Transformation

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- Refined Goals and Metrics
- Instituted Robust Performance Reviews
- Focused on Backorder and Cost Reductions
- Streamlined Procurement Processes
- Fully Supported by DoD Leadership



# Transformation Key Initiatives

- **Base Closure and Realignment - BRAC**

- DLR procurement and consumable item management to DLA; changes to DLA's distribution infrastructure; tires, compressed gases, packaged petroleum products to Direct Vendor Delivery
- \$5.5B Savings projected over 20 years

- **Business Systems Modernization -  
BSM**

- End-to-end Supply Chain Enterprise Resource Planning (ERP), Commercial Off The Shelf Software (COTS)
- Order fulfillment, Supply & Demand Planning, Procurement, Tech Quality, Financial

- **Customer Relationship Management -  
CRM**

- A customer focused approach comprised of people, processes, and tools for setting and meeting mutual expectations that optimize value for both the customer



# Transformation Key Initiatives

**\$4.8  
Billion  
Savings  
for  
Services**

- **Supplier Relationship Management - SRM**
  - Strategic Material Sourcing for 500,000 business drivers
  - Strategic Supplier Alliances with 29 critical suppliers
- **Distribution Planning Management System - DPMS**
  - Distribution planning and transportation optimization
  - In-transit visibility of materiel
- **Global Stock Positioning - GSP**
  - Pre-positioning to optimize readiness at least cost
  - OSD, Joint Staff, Service, TRANSCOM and DLA
- **Executive Agent - EA**
  - DLA-Services partnership synchronize logistics for common materiel: fuel, medical, subsistence and construction
- **Integrated Data Environment - IDE**





# Transformation Key Initiatives

- **Business Systems Modernization-Energy - BSM-E**
  - Commercial software - best practices
  - Deploying now - integration w/BSM to follow
- **Reutilization Modernization Program - RMP**
  - Redistribution of excess government property
  - Disposal of hazardous material and waste
  - Leverages capabilities of other transformation initiative
- **Work Force Transformation**
  - Transformation alters every facet of environment
  - Structure, rigor and disciplined program in place
- **Product Data Management - PDM**
  - Transforms Agency's Technical & Quality business processes and capabilities
  - Ensures engineering correctness in the products bought and managed by DLA



# Base Realignment and Closure

## BRAC 2005

**Recommendations will deliver transformational change for the agency**

**NPV**  
**\$1.9 B**  
Over 20  
years

- All Depot Level Reparable procurement transitions to DLA

- The vast majority of consumable hardware items not managed by the agency today will transition to DLA

**NPV**  
**\$2.9 B**  
Over 20  
years

- Two military Service Inventory Control Points close

- Management of repair depot supply operations transitions to DLA

**NPV**  
**\$.74 B**  
Over 20  
years

- Two additional Strategic Distribution Platforms (SDP) created from existing Distribution Depots

- One Distribution Depots close

- Remaining Distribution Depots will provide only



# Business Systems Modernization (BSM)

- **Enterprise Resource Planning (ERP) to manage the agency's 5.2 million items**
  - Replaces numerous '60s & '70s vintage systems with single, Commercial-Off-the-Shelf (COTS) system
  - Processes re-engineered to best practices
  - Cycle times dramatically reduced
  - Savings in inventory and personnel
    - payback period 2009
  - Improved war fighter support
    - Joint interoperability
    - Better Demand Forecasting - by customer - through collaboration
  - Improved data integrity
  - "Clean Financial Opinion" in accordance with CFO Act
- **Full-scale deployment completes in DEC 06**



**ERP...a critical  
Supply Chain  
Management  
Enabler!**



# Customer Relationship Management (CRM)

- **Customer Focus: War Fighter-centric strategies & tools and structured Service, Sales and Marketing processes to better meet these customers' expectations across the DLA Enterprise.**
  - **Service: Deliver on DLA commitments and provide timely and effective issue resolution.**
  - **Sales: Engage War Fighters regarding readiness and business value of DLA solutions.**
  - **Marketing: Reach out to understand War Fighter needs and communicate DLA capabilities.**

**Release 1.0 Implemented April 06...  
Full Operational Capability - FY08**



# CRM (cont'd)

- **National Account Managers (NAM) for each of the four Services, Department of Homeland Security and Foreign Military Sales**
- **Customer Account Managers (CAM) for customer segments within Services**
- **Customer Support Representatives (CSR)**
  - **Single POC for DLA Logistics at major Service locations globally**
- **Performance-Based Agreements (PBA) with each of the four Services and some Combatant Commanders**
  - **Establish Customer-focused performance metrics**
  - **Set Agenda for logistics initiatives**
  - **Use Partnership Council for continuous interaction**



# Supplier Relationship Management (SRM)

- **Strategic Material Sourcing (SMS)**
  - DLA manages 5.2 million items
  - ~500,000 items are the agency's major business drivers
  - Goal: assured availability, cost & quality for business drivers
- **Strategy**
  - Leverage competition
  - Develop long-term contracts
  - Establish prime vendor relationships
  - Establish corporate contracts
  - Buy capability rather than stock for surge requirements
  - Minimize procurement cost drivers



**390,000+  
Items Now  
Managed  
Under SMS**



# SRM (cont'd)

**29 SSA's In Place**

- **Strategic Supplier Alliances (SSA)**
  - Partnering initiatives with 29 top suppliers that are the sole source for materiel critical to America's defense posture
  - Goal: assured availability, cost & quality for this critical materiel
- **Strategy**
  - Negotiated, signed agreements between DLA and suppliers to collaborate to pursue common objectives
  - Specific, quantifiable objectives - number of items managed under the SSA, Administrative Lead Time, Procurement Lead Time, Quality



# **Distribution Planning Management System (DPMS)**

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- **Transforming DLA's global warehousing functions with the ability to collect, assess and act on real time information re: materiel location and status**

- **First and second destination transportation optimization**
- **In Transit Asset Visibility**
  - **in-bound shipments, direct delivery**
- **Standardized shipping documentation and labeling**
- **Web-based with real time access for shippers and customers**

- **Automated Advance Shipping Notices and Proc**





# Global Stock Positioning (GSP)

**PAST**

- ICP-unique approach...no central strategy
- Vendor-centric stock positioning tendency
- Limited Service engagement

**PRESENT**

- Central strategy and business rules
  - DDC-led Stock Positioning II
- Focus shift to Service/Warfighter
- Services engaged

✓ **Strategic Distribution Platforms (SDP)**  
✓ **4 New Forward Depots**

➤ **Sigonella, Kuwait, Guam, Korea**

**FUTURE**

- Enterprise Strategy: Global positioning in advance of requirement to increase mat'l availability/reduce wait time

- Increasing readiness while reducing cost
- "Facing Fill" Targets built into BSM business rules
- Hub and Spoke methodology
- Service/Warfighter-centric
- Services in partnership

✓ **Tailored stock profiles**  
✓ **2 New SDPs**  
✓ **DLA Afloat**  
✓ **Deployable Depot**



# Executive Agency (EA)

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- **Designated by Secretary of Defense to serve as focal point for ensuring sustainable, efficient and effective support to the war fighter**
- **Assembles strategic, operational and tactical elements of supply chains to simultaneously engage across boundaries to identify/resolve challenges**
- **DLA currently EA for**
  - Subsistence, bulk petroleum, medical materiel, and Construction & Barrier materiel
- **Expect EA designation this year for**

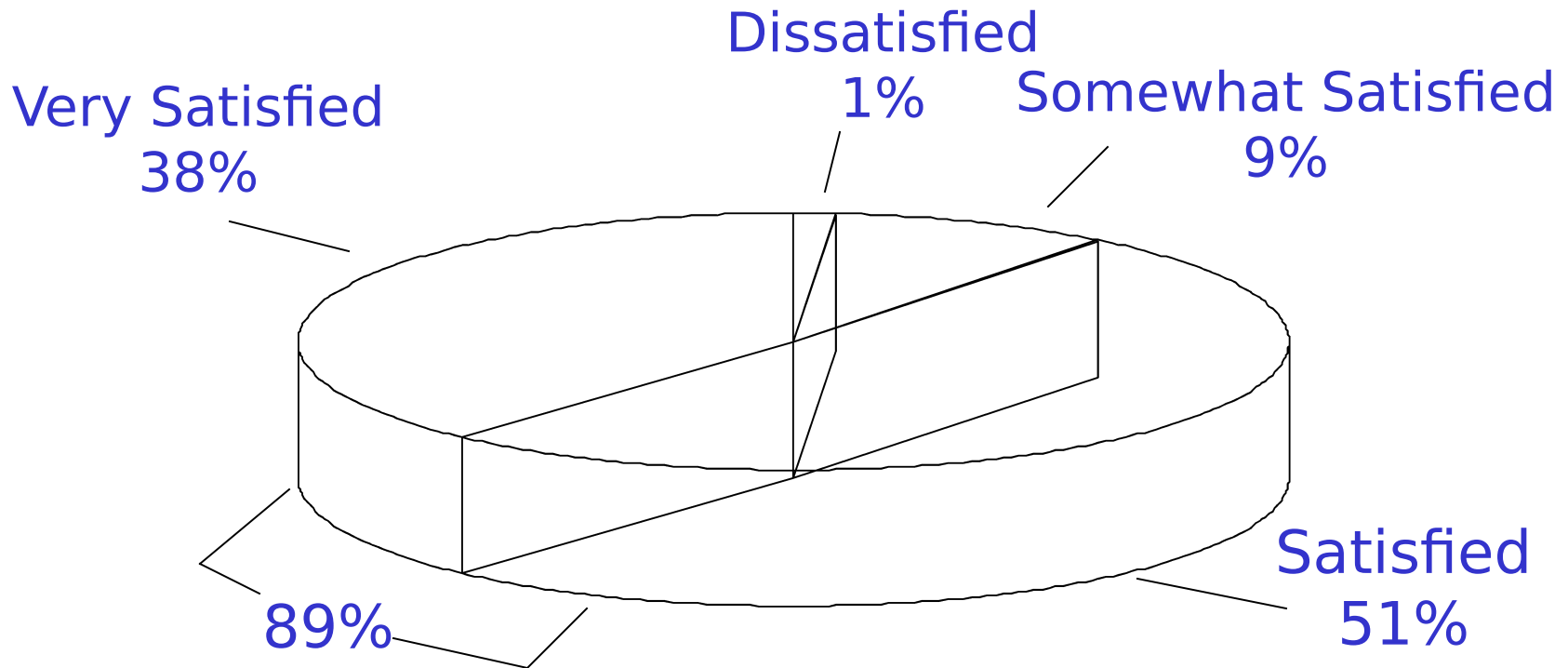


# **Integrated Data Environment (IDE)**

- **Supports data and information sharing through a single point of access supporting:**
  - Exchange of DLA data between systems
  - Sharing of DLA corporate logistics information
  - Enhanced DOD Asset Visibility
- **Assured access to:**
  - Supply chain management data
  - Centrally managed metadata
  - Authoritative data sources
  - DoD logistics business rules
- **Supports logistics (supply chain & distribution) Communities of Interest**
- **Reduced system-to-system interface costs through implementation of net-**



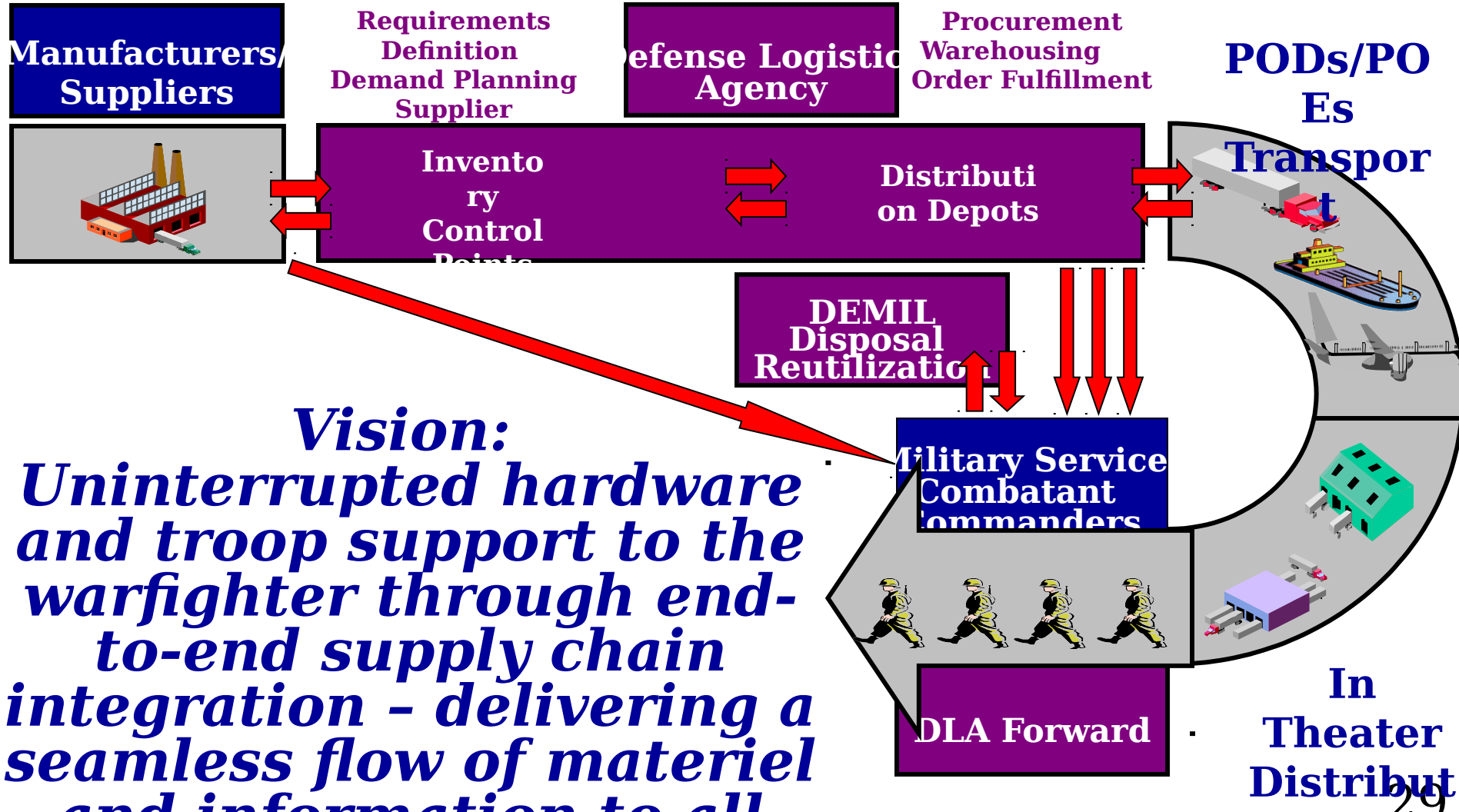
# DLA Achieved Enterprise Strategic Customer Satisfaction



**Total Customer Satisfaction = “Overall, how satisfied are you with our products and services?”**



# Platform and Troop Support Supply Chains





# Summary

- **Critical Combat Enabler ... Light and Agile**
- **Focused on Improved warfighter support and reduced costs**
- **DOD Leader In Enterprise System Transformation**

**Tomorrow's vision ... Extending the Enterprise to the lowest level while linking supply with demand**